

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 95-1192-E - ORDER NO. 96-570
AUGUST 28, 1996

IN RE: Proceeding for Approval of PURPA	)	ORDER
Avoided Cost Rates for Electric	)	RULING ON
Companies.	)	PETITIONS
)	
)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petitions for Approval filed by Carolina Power & Light Company (CP&L), Duke Power Company (Duke), and South Carolina Electric & Gas Company (SCE&G)(collectively, the Companies) for their Small Power Production and Cogeneration Tariffs, pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA). The revised tariffs reflect changes based on the Companies' latest avoided costs.

The Commission's Executive Director instructed all three Companies to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas and to serve all qualifying facilities (QFs) with a Notice of Filing. The purpose of the Notice of Filing was to inform interested parties of the Companies' Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. All three Companies complied with these

instructions and provided the Commission with proof of publication of the Notice of Filing in the newspapers and with proof of service on all QFs. Subsequently, the following entities intervened: Consolidated Hydro Southeast, Inc. (Consolidated); the Consumer Advocate for the State of South Carolina (the Consumer Advocate); Bluestone Energy Design, Inc. (Bluestone); and Pacolet River and Clifton Power Company (Pacolet River and Clifton).

A hearing was commenced on August 8, 1996 at 10:30 a.m. in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. CP&L was represented by Len S. Anthony, Esquire and William F. Austin, Esquire. SCE&G was represented by Sarena D. Burch, Esquire. Duke was represented by Mary Lynne Grigg, Esquire and Richard L. Whitt, Esquire. Consolidated was represented by Bradford W. Wyche, Esquire. The Consumer Advocate was represented by Nancy V. Coombs, Esquire and Hana Pokorna-Williamson, Esquire. Although representatives of Bluestone and Pacolet River and Clifton were present, they did not participate actively in the hearing. The Commission Staff (the Staff) was represented by F. David Butler, General Counsel.

CP&L presented the testimony of David B. Pistole. SCE&G presented the testimony of Joseph M. Lynch. Duke presented the testimony of Steven K. Young and Kenneth B. Keels, Jr., and Consolidated presented the testimony of Kenneth J. Slater and James W. Fulmer. No other witnesses were presented.

It should be noted that the Petitions of CP&L and SCE&G were essentially uncontested following a Stipulation with the Consumer

Advocate. Duke's filing was contested by Consolidated. Duke also reached a Stipulation with the Consumer Advocate.

CAROLINA POWER & LIGHT COMPANY

The testimony of CP&L was presented by David B. Pistole. Pistole updated the Commission on the amount of QF capacity purchased by CP&L, and presented a proposed new Cogeneration and Small Power Producer Schedule, based on current avoided cost. Pistole noted that total capacity presently being purchased from QFs in South Carolina is 465 megawatts. Pistole stated that CP&L expected to add an additional seven (7) megawatts of QF purchases by the first quarter of 1997. Pistole noted that during 1995, QFs capacity purchases supplied about 6.4% of the Company's energy at a cost of \$219 million, or 6.5¢ per kilowatt hour. According to Pistole, most of this capacity is purchased under long-term fixed contracts. Since the passage of PURPA, CP&L states that it has spent \$1.6 billion on the purchase of power from QFs at 6.1¢ per kilowatt hour, which CP&L states is significantly above CP&L's current avoided cost. CP&L proposes to continue to use the component method of avoided cost determination.

CP&L also presented proposed changes in the timing of its capacity credits, and in the performance factor adjustment, as well as in the "Application for the Purchase of Electric Power."

The Stipulation between CP&L and the Consumer Advocate produced several changes in the Petition as filed by CP&L. Under the Stipulation, CP&L will delete the last two sentences in paragraph 8 of its Standard Agreement by a Qualifying Cogenerator

or Small Power Producer of 5 Megawatts or Less. CP&L will delete that portion of Proposed Schedule CSP-17B entitled Contract Period, and further, the Consumer Advocate has agreed not to oppose limiting the availability of Proposed Schedule CSP-17B to QFs with contract capacity of 5 megawatts, or less.

The Commission has examined the Petition of CP&L, and the Stipulation entered into between CP&L and the Consumer Advocate. The Stipulation is hereby adopted, and is attached hereto as Attachment #1. Further, the Petition, as amended by the Stipulation is hereby adopted. Attachment #2 to this Order contains the approved CP&L Standard Terms and Conditions, Standard Agreement by a Qualifying Cogenerator or Small Power Producer of 5 Megawatts or Less, and Schedule CSP-17B.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

South Carolina Electric & Gas presented the testimony of Joseph M. Lynch to communicate its proposals. Lynch proposed some changes to the Company's Small Power Production/Cogeneration Rate, Rate PR-1. Rate PR-1 specifies the Company's charges and credits for power received from QFs with a power production capacity no greater than 100 kilowatts. Lynch noted that there are three pricing components in the rate: the seller charge, the energy credit, and the capacity credit. SCE&G proposes to increase the seller charge from the current charge of \$6.00 per monthly billing to \$13.00. The energy credit under SCE&G's proposal is be changed to reflect its current incremental production costs, and the capacity credit under SCE&G's proposal will change from \$.01387

per kilowatt hour to zero. Lynch presented testimony in support of these changes.

It should be noted that SCE&G also reached a Stipulation with the Consumer Advocate. SCE&G has agreed to delete that portion of proposed Rate PR-1 entitled Term of Contract. Further, the Consumer Advocate has agreed not to oppose limiting the availability of proposed Rate PR-1 to QFs with contract capacity of 100 kilowatts or less, and the Consumer Advocate has agreed to not oppose the change of SCE&G's capacity credit to zero.

The Commission has examined the Stipulation reached between SCE&G and the Consumer Advocate, and hereby approves it as attached hereto as Attachment #3. Further, the Commission has examined the filing of SCE&G in this matter, and agrees that it should be approved, subject to the changes contained in the Stipulation with the Consumer Advocate. Approved Rate PR-1 is attached hereto as Attachment #4.

DUKE POWER COMPANY

The proposals of Duke were presented by Kenneth B. Keels, Jr. and Steven K. Young. Keels presented Duke's proposal. Duke proposes language changes for Schedule PP(SC) as follows:

1. Specify that Schedule PP(SC) applies only to Duke's purchase of Net Power from the QF, consistent with rulings of the Federal Energy Regulatory Commission (FERC);
2. Define the term "Nameplate Capacity" in order to clarify the determination of the size of the QF

eligibility for Schedule PP(SC);

3. Describe Interconnection Facilities arrangements for safe and reliable system operation that provide for consistent treatment among South Carolina QFs, North Carolina QFs, and other transmission system users under Duke's transmission service tariff;
4. Reiterate that capacity credits are available only to QFs classified as "new capacity" in accordance with FERC rulings and this Commission's Orders;
5. Clarify that capacity credits are not applicable until 1998, the next year in which Duke needs additional capacity, thus will be able to "avoid" capacity costs, except for QFs already providing capacity to Duke under existing contracts on Schedule PP(SC); and
6. Clarify that QFs are responsible for payment of the Electric Power Excise Tax.

Keels noted that the proposed language changes to Schedule PP(SC) described above will not impact the existing contracts with the two QFs currently selling power to Duke on Schedule PP(SC). According to Keels, only the capacity credit rates and energy credit rates applicable to energy sold to Duke by these two QFs under the existing contracts are subject to change, upon Order of this Commission following the conclusion of these proceedings, as a result of Duke's proposed filing in this Docket.

Steven K. Young also testified, and Young presented and explained the calculation supporting the Company's proposed Schedule PP(SC).

Duke and the Consumer Advocate reached a Stipulation which resolved any and all matters of disagreement between the two prior to the hearing. The Stipulation allowed for the following:

1. Duke will revise Schedule PP(SC) to allow purchases of power from self-generation facilities by modifying the terms and conditions as set forth in paragraph 2 below;
2. Specific modifying language was developed for the fourth paragraph of the AVAILABILITY section of Schedule PP(SC). The term "Net Power" and its definition shall be deleted from Schedule PP(SC);
3. Duke will revise the section "Contract Period" in Schedule PP(SC) to state certain points. The revised provision shortens the initial contract term from five (5) years to one (1) year, and in case of contracts that do not provide for payment of capacity credits, the notice period is shortened from thirty (30) months to ninety (90) days;
4. The Consumer Advocate agrees not to oppose Duke's proposed limitation of the availability of proposed Schedule PP(SC) to QFs with nameplate capacity of five megawatts or less;

5. The Consumer Advocate agrees not to oppose Duke's Schedule PP(SC) requirement that "The Schedule is not applicable to a QF owned by a Customer or affiliate or a partner of a Customer, who sells power to the Company from another facility located within one-half mile."
6. These Stipulations are conditioned upon Schedule PP(SC) as a variable one (1) year rate; and
7. Corresponding changes to reflect these Stipulations will be made to Duke's Standard Purchased Power Agreement.

The Commission has examined the terms of this Stipulation, and hereby adopts it. The Stipulation appears attached hereto as Attachment #5.

Duke's filing in this case was contested by Consolidated. Consolidated presented the testimony of Kenneth J. Slater and James W. Fulmer.

Slater found two items with which he disagreed with regard to Duke's PROMOD representation of its system operation. Slater first disagrees with the zero cost which Duke places on interruptions to its interruptible loads and the off-peak weekend hours used by Duke in the model. Also, Slater disagrees with Duke's data assumptions regarding coal prices. Further, Slater disagrees with Duke's calculation of its avoided capacity credit, among other things.

Consolidated also presented the testimony of its Vice-President of Operations, James W. Fulmer. Fulmer testified

that the avoided cost rates currently proposed by Duke would have a devastating effect on the economic viability of the small hydro plants owned and operated by Consolidated. Fulmer stated that such an outcome would be contrary to established state and federal energy policy that encourages small scale renewable energy resources. Fulmer goes on to state a "fundamental flaw" in Duke's approach. Fulmer states that Duke estimates avoided costs by combining energy costs that are primarily coal with the capacity cost of a combustion turbine (CT). According to Fulmer, the total avoided cost is therefore lower than the cost of power from a coal plant, or from a CT. Fulmer also states that Duke's approach completely ignores the environmental benefits of hydro power.

The rebuttal testimony of Kenneth B. Keels, Jr. reviewed Congress' enactment of PURPA, and the driving factors causing its passage originally. Because of a predicted rise in oil costs, and the perception that natural gas was in short supply, Congress enacted PURPA to reduce oil and gas consumption by encouraging the use of renewable energy resources to generate electricity. Congress defined the price of QF power as the "utility's avoided cost." Avoided cost proceedings under PURPA, according to Keels, involve the determination of the utility's costs, and should not be based on the rates necessary to make each and every QF a viable enterprise. Rates for these QF purchases are to "be just and reasonable to the electric consumer of the electric utility and in the public interest," and, according to Keels, under no circumstances should PURPA require "any electric utility to pay

more than the avoided cost for purchases." 18 C.F.R. Section 292.304(a)(1).

We agree with the rebuttal testimony presented by Duke. Keels noted that the QF's cost to maintain and operate its facility are the responsibility of the QF, and are irrelevant in an avoided cost proceeding. We agree with this proposition.

Further, under the PURPA avoided cost standard, the utility's customers should pay rates which are no higher than they would pay had the utility not purchased capacity and energy from the QF. If a QF's cost to develop, maintain, or operate its facility are higher than the utility's avoided cost, then any benefits to the customers are lost. As stated in FERC Docket No. RM79-55, that Commission concluded "that the basis for the determination of rates for purchased should be the utility's avoided cost, and should not vary on the basis of the costs of the particular qualifying facility." Order No. 69, 45 Fed. Reg. 12214, 02/25/80 at 47. We concur with this reasoning.

We note that Young's rebuttal testimony also offers explanations for the use of certain coal prices and for availability assumptions of Duke's nuclear and fossil system. We find this rebuttal to be creditable and appropriate, and believe that said testimony states the correct proposition. We do not find the surrebuttal testimony of Kenneth H. Slater availing.

We further note that Consolidated offers no alternate rates for the Commission's consideration at this time. Therefore, any proposals that the avoided cost rates as listed by Duke should be

different are completely unavailing.

All and all, we have thoroughly examined the testimony of Duke and of Consolidated. Although we are sympathetic with the plight of the small QFs, we agree with Duke that the federal law requires us to examine an avoided cost rate based on an actual utility's avoided cost, and not on a rate which would allow a QF to meet its financial obligations specifically.

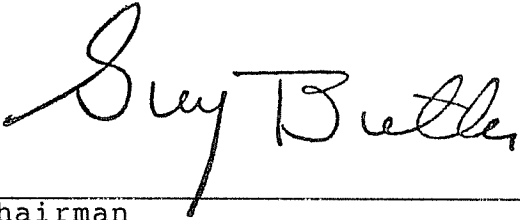
We therefore adopt the filing of Duke in this Docket, including the avoided cost rates, as modified by the Stipulation developed between Duke and the Consumer Advocate. The documents composing this final version are contained in Attachment #6 to this Order, which we hereby adopt.

Rate tariffs, Service Agreements and General Terms & Conditions for CP&L, Duke, and SCE&G approved herein shall become effective with service rendered on and after September 1, 1996 and ten (10) copies of each shall be filed within fourteen (14) days of receipt of this Order.

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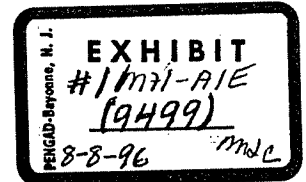
This Order shall remain in full force and effect until further
Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director
(SEAL)



STATE OF SOUTH CAROLINA

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 95-1192-E

IN THE MATTER OF:

Proceeding for Approval of PURPA	)	STIPULATION BETWEEN CAROLINA
Avoided Cost Rates for Electric	)	POWER & LIGHT COMPANY AND THE
Companies	)	SOUTH CAROLINA DEPARTMENT OF
	)	CONSUMER AFFAIRS

Pursuant to Order Nos. 96-71 and 96-257, issued in Docket No. 95-1192-E, the South Carolina Public Service Commission ("the Commission") required all interested parties to prefile their direct testimony and exhibits and scheduled a hearing for August 8, 1996, to establish the appropriate rates to be paid by South Carolina's electric utilities for power purchased from qualifying facilities pursuant to the Public Utility Regulatory Policies Act ("PURPA") of 1978. Pursuant to the Commission's Orders, Carolina Power & Light Company ("CP&L") filed its direct testimony and exhibits on June 13, 1996, and the South Carolina Department of Consumer Affairs ("the Consumer Advocate") filed its direct testimony and exhibits on July 11, 1996.

Following the filing of the Consumer Advocate's testimony, CP&L and the Consumer Advocate engaged in discussions in an attempt to resolve any and all matters of disagreement prior to the hearing. As a result of these discussions, the parties have agreed to the following compromise and settlement of all issues between them:

1. CP&L will delete the last two sentences in Paragraph 8 of its Standard Agreement by Qualifying Cogenerator or Small Power Producer of 5 MW or Less;
2. CP&L will delete that portion of proposed schedule CSP-17B entitled Contract Period; and

3. the Consumer Advocate will not oppose limiting the availability of proposed schedule CSP-17B to qualifying facilities with contract capacity of 5 MW or less.

As a result of CP&L agreeing to make the changes described above, the Consumer Advocate agrees that it will not oppose Commission approval of CP&L's proposed: Schedule CSP-17B, Standard Terms and Conditions for the Purchase of Electric Power from Facilities of 5 MW or less; and/or Standard Agreement by a Qualifying Cogenerator or Small Power Producer of 5 MW or less.

SO AGREED this 1st day of August, 1996.

CAROLINA POWER & LIGHT COMPANY

BY:



CONSUMER ADVOCATE .

BY:



STATE OF SOUTH CAROLINA
DOCKET NO. 95-1192-E

CERTIFICATE OF SERVICE

I, Len S. Anthony, do hereby certify that I have this day served a copy the Stipulation Between Carolina Power & Light Company and the South Carolina Department of Consumer Affairs in SCPSC Docket No. 95-1192-E, upon the following parties of record by depositing a copy of the same in the United States Mail, postage prepaid, addressed to the parties of record as follows:

William E. Booth, III, Esq.
Pacolet River and Clifton Power Company
2512 Devine Street
Columbia, South Carolina 29205

F. Timothy Lamb
Bluestone Energy Design, Inc.
Post Office Box 181
Converse, South Carolina 29329

Mr. Charles B. Mierek, P.E.
5250 Clifton-Glendale Road
Spartanburg, South Carolina 29307-4618

Sarena D. Burch, Esq.
SCANA Corporation
Legal Department-106
Columbia, South Carolina 29218

Nancy Vaughn Coombs
S.C. Department of Consumer Affairs
Post Office Box 5757
Columbia, South Carolina 29250-5757

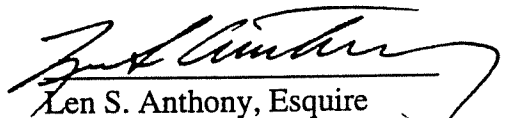
William Larry Porter
Duke Power Company
422 S. Church Street, PB05E
Charlotte, North Carolina 28242

Bradford W. Wyche
Consolidated Hydro Southeast, Inc.
Post Office Box 728
Greenville, South Carolina 29602

This the 1st day of August, 1996

CAROLINA POWER & LIGHT COMPANY

By:



Len S. Anthony, Esquire
Associate General Counsel
Post Office Box 1551
Raleigh, North Carolina 27602-1551
Telephone: (919) 546-6367

STANDARD TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER
FROM FACILITIES OF 5 MW OR LESS

1. GENERAL PROVISIONS

- (a) Application of Terms and Conditions, Schedules, and Riders - All previous agreements in effect at the time of the approval hereof or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules and Riders, and any Commission approved changes, revisions or alterations.
- (b) Conflicts - In case of conflict between any provision of a Schedule or Rider and of these Terms and Conditions, the provision of the Schedule or Rider shall prevail.
- (c) Transfer of Agreement - The Agreement may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under the Agreement, subject to the written approval of Company. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee.
- (d) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period provided the term of the Agreement is extended for an equivalent length of time. If Seller desires to produce electricity in a lesser amount than that provided in the Agreement, it will be purchased, by Company, under Company's schedules and riders applicable to that level of production; however, such purchases will not limit the extension of the term of the Agreement.
- (e) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if Company is satisfied that Seller no longer can produce electricity at the premises and all bills for services previously rendered to Seller, plus any applicable termination charges, have been paid. Termination charges shall consist of (1) where Seller's additional facilities are discontinued or terminated in whole or in part before Company's then existing additional facilities have been in service ten consecutive years, if served from Company's distribution system, or twenty consecutive years, if served from Company's transmission system, a termination charge to be determined by adding to the estimated original installed cost of said additional facilities, an estimated removal cost, subtracting therefrom the estimated salvage value of such facilities, which amount will then be reduced 10% for each full year the additional facilities shall have been in service, if served from Company's distribution system, or 5%, if served from Company's transmission system, (2) a termination charge as specified in the Agreement for nonstandard equipment associated with additional facilities, and (3) any applicable termination charges for premature termination of capacity as set forth in Company's filed tariffs and Section 4(d) and 5 of these Terms and Conditions.

Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Agreement.

- (f) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller (1) for any default or breach of the Agreement by Seller, (2) for fraudulent or unauthorized use of Company's meter, (3) for failure to pay any applicable bills when due and payable, (4) for a condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property, (5) due to Seller's inability to deliver to Company the quality and/or quantity of electricity mutually agreed to in the Agreement, or (6) at any time when Company would incur additional cost from making such purchases above that which Company would incur from generating its own electricity or purchasing electricity from other available sources.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating the reason for termination, except that no notice need to be given in instances set forth in 1.(f)(2) and 1.(f)(4) above, and verbal notification will be accepted for Item 1.(f)(6) above.

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of

Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions. Whenever the purchase of electricity is suspended for any authorized reason, Company will make a charge of \$15.00 for the restoration of purchases, except for suspension under 1.(f)(6).

- (g) Miscellaneous - If Seller requires supplementary, standby, or interruptible power from Company, Seller shall enter into a separate Retail Service Agreement or amend an existing Retail Service Agreement, as appropriate, in accordance with Company's applicable electric service tariffs on file with and authorized by the state regulatory agency having jurisdiction. The Agreement shall not be used for the sale of any electric service by Company to Seller. Special contractual provision shall be required when Seller's interconnection facilities involve special additional facilities or when the requested Contract Capacity exceeds 20 kW single-phase.

2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) the Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction, maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights-of-way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights-of-way.
- (b) Seller's interconnection facilities shall be designed to accepted engineering standards and Seller shall submit a facility description, including equipment specifications, to Company for review prior to the connection of said facility and equipment to Company's system. Company's review shall not be construed as confirming nor endorsing Seller's design nor as any warranty as to the safety, durability, or reliability of Seller's facility or equipment. Company shall not, by reason of its review or failure to review, be responsible for the reliability, design, adequacy, safety, or capacity of Seller's facility or equipment, nor shall Company's acceptance be deemed to be an endorsement of any facility or equipment.
- (c) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expense in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by such governmental authority for any reason.

3. PURCHASES OF ELECTRICITY

If Seller desires to purchase electricity from Company through the same point of interconnection used by Seller in supplying power to Company, and Company approves, then Seller shall execute a separate agreement for such purchases in accordance with Company's Rate Schedules, Riders, and Service Regulations as filed with the regulatory authority having jurisdiction. Company's purchases of electricity from Seller and sales to Seller shall be separately metered.

4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Agreement. In cases where any change is required in Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to Seller requesting an increase in the capacity of Company's facilities, Company may require Seller to execute a new agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice, Seller shall not exceed the existing Contract Capacity or such amount in excess thereof as Company determines it is able to accept.
- (b) If Seller increases his generating capacity without adequate notice to Company, and without receiving Company's consent, and such unauthorized increase causes loss of or damage to Company's facilities, Seller shall reimburse Company for all such losses and/or damages.
- (c) Either Company or Seller may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.

- (d) In the event that the Contract Capacity is terminated, in whole or in part, prior to the completion of the term of the Agreement, the Seller shall pay to Company a penalty as set forth in 5. below.

Increase in Contract Capacity

Seller may apply to Company to increase the Contract Capacity during the contract period and, upon approval by Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with these Terms and Conditions.

5. EARLY CONTRACT TERMINATION OR REDUCTION IN CONTRACT CAPACITY

If Seller terminates the Agreement or reduces the Contract Capacity prior to the expiration of the initial (or extended) term of the Agreement, the following payment shall be made to Company by Seller:

Early Contract Termination

Payment shall be the summation of all Monthly Capacity Credits paid by Company to Seller times the number of months remaining in the contract period divided by the total number of months in the contract period plus a payment for additional facilities as calculated pursuant to paragraph 10 of these Terms and Conditions.

Reduction In Contract Capacity

Payment shall be a quantity equal to the amount as calculated under the Early Contract Termination clause multiplied by the ratio of the capacity reduction to existing Contract Capacity.

6. QUALITY OF ENERGY RECEIVED

- (a) Seller has full responsibility for the routine maintenance of his generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.
- (b) Seller's facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company.
- (c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.
- (d) Failure of Seller to comply with either (a), (b), or (c) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under Item 1.(f) above.

7. BILLING

- (a) Company's meters will be read as nearly as practicable at regular intervals of not less than 28 days and not more than 34 days.
- (b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the interval transpiring between the previous meter reading date and the current reading date and bills shall be rendered accordingly, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more or less than 28-34 days, the bill will be prorated based on a 30-day billing month.
- (d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Agreement.

8. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, not exceeding 60 days, just prior to the removal of such meter from service and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter not exceeded the allowable limits. No part of any minimum service charge shall be refunded.

9. POINT OF INTERCONNECTION

The point of interconnection is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring his conductors to such point of interconnection for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of interconnection shall be the same point as the point of delivery.

10. INTERCONNECTION FACILITIES

- (a) By Company: Company shall install, own, operate, and maintain all lines and equipment located on its side of the point of interconnection. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of interconnection. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company, as Company in its sole discretion deems necessary to receive power from Seller shall be considered additional facilities and shall be provided under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
 - (2) Seller will pay to Company a Monthly Facilities Charge of 2.0 percent of the estimated original installed cost and rearrangement cost of all such facilities, including metering, required to accomplish the interconnection.
 - (3) If Company increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in interconnection facilities or other special facilities required to interconnect with Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Facilities Charge for providing the additional facilities will be adjusted at that time. Seller may terminate the additional facilities in accordance with the applicable termination provisions, 1.(e)(1) or 1.(e)(2) above, or continue the additional facilities under the changed conditions.
 - (4) In lieu of the Monthly Facilities Charge of 2.0 percent, Seller may elect to make a contribution equal to the total additional facilities investment as described in 10.(a)(2) and (3) above. After such payment, the Monthly Facilities Charge for the additional facilities will be 1.0 percent of said payment.
 - (5) The Monthly Facilities Charge as determined in 10.(a)(2),(3), or (4) above shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination shall be calculated in accordance with 1.(e) above.
 - (6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as Company deems necessary for experimental or monitoring purposes.
 - (7) Company shall not be required to make such installation of facilities in addition to those normally provided until Seller has signed such agreement, including provisions for termination, as may be required by Company.
- (b) By Seller: Seller shall install, own, operate, and maintain all lines and equipment, exclusive of Company's meter and meter transformers on Seller's side of the point of interconnection. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of interconnection. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of interconnection and measured by a single meter. Except under special circumstances, Company's meter will be located on Seller's side of the point of interconnection, and when it is to be so located Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

- (c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of the Agreement.
- (d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller, Seller's employees or agents, Seller shall reimburse Company for all such loss or damage including all repair costs. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for all such abnormal maintenance.

11. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

Company does not guarantee continuous purchases but shall use reasonable diligence at all times to provide for uninterrupted acceptance of electricity and having used reasonable diligence shall not be liable to Seller for damage, for failure in, or for interruptions or suspensions of the same.

Company reserves the right to suspend purchases without liability on its part at such times and for such periods and in such manner as it may deem advisable (a) for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations, and facilities, (b) in cases where in its opinion, the continuance of purchases from Seller's facility would endanger persons or property, and (c) for other reasons as stated in 1.(f) above.

In the event of an adverse condition or disturbance on the system of Company, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, Company may, without incurring liability, interrupt service to customers or areas, interrupt purchases from sellers, and take such other action as appears reasonably necessary.

Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the backfeed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of his equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage caused by Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of interconnection.

12. GOVERNMENTAL RESTRICTIONS

The Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over the Agreement. The Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. The Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

The Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or the Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of the Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

13. GENERAL

- (a) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to Company by Seller.
- (b) The term "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of interconnection.

- (c) The term "Seller's conductors" shall mean Seller's wires extending from the point of interconnection to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.
- (d) The term "interconnection" shall mean the connection of Company's conductors to Seller's conductors.

Effective: _____

Docket No. 95-1192-E, Order No. 96-xx

STANDARD AGREEMENT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER OF 5 MW OR LESS

1. The undersigned, hereinafter called "Seller," and Carolina Power & Light Company, hereinafter called "Company," agree that Company shall purchase the electricity supplied to Company's system by Seller's _____ "Qualifying Facility" located at or near _____, in accordance with the terms hereof, Company's Schedule No. _____, Rider(s) No. _____, and the Terms and Conditions for the Purchase of Electric Power, a copy of each being attached and made a part of this agreement (hereinafter "the Agreement"). Company shall only be obligated to purchase such electricity if Seller's facility is a "Qualifying Cogenerator or Small Power Production Facility" under Section 201 of the Public Utilities Regulatory Policies Act of 1978 ("PURPA") and the applicable rules and regulations of the Federal Energy Regulatory Commission.

2. Electricity supplied by Seller hereunder shall be in the form of _____ phase, _____ wires, alternating current of 60 cycles and sufficient power factor to maintain system operating parameters as specified by Company, with a maximum generation capacity of _____ kW and a maximum annual energy production of _____ kWh. Upon the completion of the installation by Company of its interconnection facilities at the point of interconnection of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may apply, whether or not Seller actually delivers any electricity to Company.

3. The point of interconnection for the acceptance of Seller's electricity supplied hereunder will be _____

 _____.

The Company agrees to furnish the following interconnection facilities:

 _____.

4. Payment for energy and/or capacity received by Company, or payment by Seller, if any, as set forth in the rate schedule shall be due within 15 days from the date billed, and shall be administered through Company's _____ office.

5. The term of the Agreement is from _____, 19____, or from the date Company is first ready to accept electricity from Seller, whichever is earlier, and continuing until _____, 19____, and shall automatically extend thereafter for a successive period or periods of _____ years each unless terminated by either party, at the end of any period, by giving not less than _____ months written notice to the other party.

6. The Seller hereby certifies that this facility (is/is not) "new capacity," as defined by the Federal Energy Regulatory Commission (FERC), and that construction (was/was not) commenced on or after November 9, 1978.

7. The Agreement is subject to changes or substitutions, either in whole or in part, made from time to time by a legally effective filing of the Company with, or by order of the regulatory authority having jurisdiction, and each party to the Agreement reserves the right to seek changes or substitutions, in

accordance with law, from such regulatory authority. Unless specified otherwise, any such changes or substitutions shall be come effective immediately and shall nullify all prior provision in conflict therewith.

8. In addition to Company's right to terminate the Agreement pursuant to Section 1.f of the Terms and Conditions, Company may terminate the Agreement if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 2 above by _____, 19____. This date may be extended by mutual agreement of the parties provided Seller is making progress and a good faith effort to complete the project in a timely manner.

Witness as to Seller:

_____, Seller

By _____
Title _____
This _____ day of _____, 19 _____

ACCEPTED: Carolina Power & Light Company

Mail Payment/Bill to:

By _____

Title _____

This _____ day of _____, 19 _____

SCPSC Docket No. 95-1192-E, Order No. 96-xx

Rev. xx/xx/96

COGENERATION AND SMALL POWER PRODUCER

SCHEDULE CSP-17B

AVAILABILITY

This Schedule is available for electrical energy and capacity supplied by Seller to Company if Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54.

This Schedule is not available for electric services supplied by Company to Seller or for Seller with Contract Capacity greater than 5 MW. If Seller requires supplemental, standby or interruptible services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

This Schedule is not available for electrical Capacity and Energy supplied by Seller which enters the Company's transmission system.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Seller to Company at one point of delivery through Company's metering facilities.

CONTRACT CAPACITY

The Contract Capacity shall be the normal net maximum dependable capacity of the qualifying facility, and shall not exceed the nameplate generating capacity.

MONTHLY RATE

Payment

For Qualifying Facilities classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55, Company will pay Seller a monthly credit equal to the sum of the Energy and Capacity Credits reduced by both the Seller Charge and any applicable Interconnection Cost. For Qualifying Facilities classified as other than New Capacity in accordance with the above FERC Regulations, Company will pay Seller a monthly credit equal to the Energy Credit reduced by both the Seller Charge and any applicable Interconnection Cost.

Energy Credit

Company shall pay Seller a monthly Energy Credit for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy Credit shall be:

1.944¢ per kWh for all On-Peak kWh
1.586¢ per kWh for all Off-Peak kWh

Capacity Credit

Company shall pay Seller a Capacity Credit based on the on-peak kWh supplied by Seller to Company's system as registered or computed from Company's metering facilities. The Capacity Credit shall be:

<u>Summer Months</u>	<u>Winter Months</u>
1.717¢/kWh	1.589¢/kWh

Summer months are defined as the calendar months of June through September. Winter months are defined as the calendar months of December through February.

Seller Charge

Seller shall pay to Company a Monthly Seller Charge outlined below in accordance with the Contract Capacity:

	<u>Contract Capacity</u>	
	<u>0 to 999 kW</u>	<u>1000 kW and above</u>
Monthly Seller Charge	\$19.75	\$425

The Energy and Capacity Credits and Seller Charge of this Schedule are subject to change as approved by the Public Service Commission of South Carolina.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

I. On-Peak Hours

- A. Power supplied beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

- B. Power supplied beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as the hours between 6:00 a.m. and 1:00 p.m. plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

II. Off-Peak Hours

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on Sunday, the following Monday will be considered off-peak.

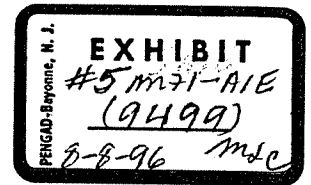
INTERCONNECTION COSTS

The installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions For The Purchase of Electric Power.

Supersedes Schedule CSP-13

Effective: _____

SCPSC Docket No. 95-1192-E - Order No. 96-xx



STATE OF SOUTH CAROLINA
BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION
DOCKET NO. 95-1192-E

IN THE MATTER OF:

	)	STIPULATION BETWEEN SCE&G
Proceeding for Approval	)	AND THE SOUTH CAROLINA
of PURPA Avoided Cost	)	DEPARTMENT OF CONSUMER AFFAIRS
Rates for Electric)	
Companies)	

Pursuant to Order Nos. 96-71 and 96-257, issued in Docket No. 95-1192-E, the South Carolina Public Service Commission ("the Commission") required all interested parties to prefile their direct testimony and exhibits and scheduled a hearing for August 8, 1996, to establish the appropriate rates to be paid by South Carolina's electric utilities for power purchased from qualifying facilities pursuant to the Public Utility Regulatory Policies Act ("PURPA") of 1978. Pursuant to the Commission's Orders, South Carolina Electric & Gas Company ("SCE&G") filed its direct testimony and exhibits on June 13, 1996, the South Carolina Department of Consumer Affairs ("the Consumer Advocate") filed its direct testimony and exhibits on July 11, 1996, and SCE&G filed rebuttal testimony on July 29, 1996.

Following the filing of SCE&G's rebuttal testimony, SCE&G and the Consumer Advocate engaged in discussions in an attempt to resolve any and all matters of disagreement prior to the hearing. As a result of these discussions, the parties have agreed to the following compromise and settlement of all issues between them:

1. SCE&G will delete that portion of proposed Rate PR-1 entitled Term of Contract.

2. The Consumer Advocate will not oppose limiting the availability of proposed Rate PR-1 to qualifying facilities with contract capacity of 100 KW or less; and

3. The Consumer Advocate will not oppose the change of SCE&G's capacity credit to zero.

As a result of the agreement of SCE&G and the Consumer Advocate as set forth above, the Consumer Advocate agrees that it will not oppose Commission approval of SCE&G's proposed Rate PR-1, Small Power Production, Cogeneration.

SO AGREED this 7 day of August, 1996.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

BY: Jane E. Bush

CONSUMER ADVOCATE

BY: Wanda P. Williams SDG

RATE PR-1

SMALL POWER PRODUCTION, COGENERATION

AVAILABILITY

Available to Small Power Producers and Cogenerators that are a Qualifying Facility as defined by the Federal Energy Regulatory Commission (FERC) Order No. 70 under Docket No. RM 79-54. This schedule is not available for Qualifying Facilities that have a power production capacity greater than 100 KW.

CHARACTER OF SERVICE

Energy supplied by the Qualifying Facility must be at 60 hertz and voltage, phase and power factor approved by the Company.
Energy supplied by the Qualifying Facility must be at a voltage level compatible with the voltage level of the Company's system at the point of delivery.

MONTHLY RATE
(Seller Charges & Credits)

For Qualifying Facilities, Company will pay Seller a monthly credit equal to the Energy Credit and the Capacity Credit reduced by the Seller Charge.

I. Energy Credit:

Company shall pay Seller the following rates per KWH for energy delivered by the Seller to Company's system.

	<u>Summer</u>	<u>Winter</u>
	(June-September)	(October-May)
1. On-Peak	\$.02205	\$.02011
2. Off-Peak	\$.01551	\$.01638

The South Carolina Electric Power Excise Tax of \$.0005 per KWH is included in the energy credits above.

II. Capacity Credit:

In addition to the energy credit, the Company shall pay Seller \$0.0 per KWH for energy delivered by the Seller to the Company's system during on-peak hours.

III. Seller Charge:

Seller shall pay the following Seller Charge each monthly billing period\$13.00

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

A. On-Peak Hours:

Summer months of June-September:

The on-peak Summer hours are defined to be 10:00 a.m. - 10:00 p.m. Monday-Friday.

Winter months of October-May:

1. November through April: The on-peak hours are defined as those hours between 6:00 a.m. - 1:00 p.m. and 5:00 p.m. - 10:00 p.m., Monday-Friday.

2. October and May: The on-peak hours are defined as those hours between 10:00 a.m. - 10:00 p.m., Monday-Friday.

B. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours.

BILLING MONTH

A Billing Month is defined in this schedule as the time period between successive meter readings for the purpose of monthly billing. Readings are taken approximately once each month.

MONTHLY RATE DETERMINATION

The Seller will be liable to the Company each billing month for the Seller Charge regardless of the amount of energy delivered by the Seller to the Company.

The Company will be liable to the Seller each billing month an amount determined as the total KWH delivered to the Company's system times the cost per KWH as specified herein.

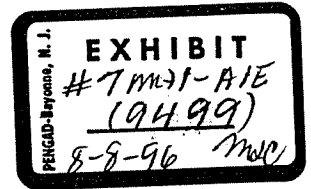
PAYMENT TERMS

Payments due the Seller under this schedule shall be payable to the Seller within fifteen (15) days of the billing date.

Payment due the Company under this schedule is due and payable to the Company within fifteen (15) days of the billing date.

LIMITING PROVISIONS

Company shall not be liable for purchase of electricity from a Qualifying Facility until such facility and Company have executed an Agreement for Purchase of Power from a Small Power Production Facility or Cogeneration Facility.



STATE OF SOUTH CAROLINA
BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION
DOCKET NO. 95-1192-E

In the Matter of)	
	)	STIPULATION BETWEEN DUKE
Proceeding for Approval of	)	POWER COMPANY AND THE
PURPA Avoided Cost Rates	)	SOUTH CAROLINA DEPARTMENT
for Electric Companies	)	OF CONSUMER AFFAIRS

Pursuant to Order Nos. 96-71 and 96-257, issued in Docket No. 95-1192-E, the Public Service Commission of South Carolina ("the Commission") required all interested parties to prefile their direct testimony and exhibits and scheduled a hearing for August 8, 1996, to establish the appropriate rates to be paid by South Carolina's electric utilities for power purchased from qualifying facilities pursuant to the Public Utility Regulatory Policies Act ("PURPA") of 1978. Pursuant to the Commission's Orders, Duke Power Company ("Duke") filed its direct testimony and exhibits on June 13, 1996, and the South Carolina Department of Consumer Affairs ("the Consumer Advocate") filed its direct testimony and exhibits on July 11, 1996.

Following the filing of the Consumer Advocate's testimony, Duke and the Consumer Advocate engaged in discussions in an attempt to resolve any and all matters of disagreement prior to the hearing. As a result of these discussions, the parties have agreed to the following compromise and settlement of all issues between them:

1. Duke will revise Schedule PP(SC) to allow purchases of power from self-generation facilities by modifying the terms and conditions as set forth in paragraph 2 below.

2. The fourth paragraph of the AVAILABILITY section of Schedule PP(SC) shall be modified to state:

Service necessary for the delivery of power from the Customer's generating facilities into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Company's purchase of energy or energy and capacity from the Customer's generating facilities up to the Net Capacity which may be operated in parallel with the Company's system. Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The term "Net Power," and its definition, shall be deleted from Schedule PP(SC).

3. Duke will revise the Section titled "Contract Period" in Schedule PP(SC) so that the subsection will state:

CONTRACT PERIOD

Each Customer shall enter into a contract for an initial term of one year. The contract shall continue thereafter until terminated by either party upon giving at least (90) days' prior written notice. Provided, however, the parties must give at least (30) months' prior written notice of such termination if the contract provides for payment of capacity credits. Said contract shall specify the amount of capacity committed for delivery throughout the term of the contract.

This revised provision shortens the initial contract term from five years to one year and, in case of contracts that do not provide for payment of capacity credits, the notice period is shortened from 30 months to 90 days.

4. The Consumer Advocate will not oppose Duke's proposed limitation of the availability of proposed Schedule PP(SC) to qualifying facilities with nameplate capacity of 5 MW or less.

5. The Consumer Advocate will not oppose Duke's Schedule PP(SC) requirement that, "The Schedule is not applicable to a qualifying facility owned by a Customer or affiliate or partner of a Customer, who sells power to the Company from another facility located within one-half mile."

6. The above-stated stipulations are conditioned upon Schedule PP(SC) as a variable, one year rate.

7. Corresponding changes to reflect these stipulations will be made to Duke's Standard Purchased Power Agreement.

As a result of Duke agreeing to make the changes described above, the Consumer Advocate agrees that it will not oppose Commission approval of Duke's proposed Schedule PP(SC) and Duke's proposed Standard Purchased Power Agreement.

SO AGREED this 7th day of August, 1996.

DUKE POWER COMPANY

By: Mary D. Grey

CONSUMER ADVOCATE

By: Harold E. Williams

Duke Power Company

Electricity No. 4
South Carolina Original Leaf No. 90SCHEDULE PP (SC)
PURCHASED POWER

AVAILABILITY (South Carolina only)

Available only to establishments located in the Company's South Carolina service territory which have generating facilities with a Nameplate Capacity not in excess of five (5) megawatts which are interconnected directly with the Company's system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

This Schedule is available only to Customers under contract with the Company on or before December 31, 1997 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or July 1, 2000.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility located within one-half mile.

Service necessary for the delivery of power from the Customer's generating facilities into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Company's purchase of energy or energy and capacity from the Customer's generating facilities up to the Net Capacity which may be operated in parallel with the Company's system. Power delivered to the Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the Company in regard to service under this Schedule are dependent upon its securing and retaining all necessary rights-of-way, privileges, franchises and permits for such service and the Company shall not be liable to any customer or applicant for power in the event it is delayed in, or is prevented from purchasing power by its failure to secure and retain such rights-of-way, rights, privileges, franchises and permits.

TYPE OF SERVICE

The Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

Single-phase, 120 or 240 volts; or

3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts; or

3-phase voltages other than the foregoing, but only at the Company's option, and provided that the size of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE:

	Interconnected to:	
	Distribution System	Transmission System
I. Capacity Credit		
a. All On-Peak Energy per On-Peak Month per KWH:	0.98¢	0.94¢
b. All On-Peak Energy per Off-Peak Month per KWH:	0.84¢	0.80¢
II. Energy Credit		
a. All On-Peak Energy per Month per KWH:	2.09¢	2.00¢
b. All Off-Peak Energy per Month per KWH:	1.52¢	1.46¢

The Capacity Credits and Energy Credits of this Schedule are variable rates and are subject to change at any time during the term of contract as approved by the Public Service Commission of South Carolina.

DEFINITIONS

Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

Nameplate Capacity: The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

Month: The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month. The On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

On-Peak Energy shall be energy, in kilowatt hours, which is supplied to the Company during On-Peak Periods. Off-Peak Energy shall be energy, in kilowatt hours, which is supplied to the Company during Off-Peak Periods.

The On-Peak Period shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period shall be all other weekday hours and all Saturday and Sunday hours.

INTERCONNECTION FACILITIES CHARGE

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

The Company will furnish, install, own, and maintain interconnection facilities necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities; metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company. All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

DETERMINATION OF CAPACITY CREDIT

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the Public Service Commission of South Carolina's Order No. 81-214 in Docket No. 80-251-E.

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Periods of the Month and will be applied to the Customer's bill in the appropriate Month.

For Customers contracting for service under this Schedule on or after September 18, 1995, Capacity Credits will not be applicable until January 1, 1998. For Customers under continually effective contracts with the Company under this Schedule prior to September 18, 1995, Capacity Credits under this Schedule will be applicable beginning on the effective date of this Schedule.

POWER FACTOR CORRECTION

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

PAYMENTS

Credit billings to the Customer will be credited to the Customer's account, or, at the option of the Customer and upon ten (10) days' prior written notice, shall be payable to the Customer within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Customer shall enter into a contract for an initial term of one (1) year. The contract shall continue thereafter until terminated by either party upon giving at least ninety (90) days' prior written notice, provided, however, the parties must give at least thirty (30) months' prior written notice of such termination if the contract provides for payment of capacity credits. Said contract shall specify the amount of capacity committed for delivery throughout the term of the contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates his generating facilities in a manner which is detrimental to the Company or any of its Customers, or fails to deliver energy to the Company for six (6) consecutive Months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

SOUTH CAROLINA POWER EXCISE TAX

The Customer shall be responsible for any and all taxes including, but not limited to, the Electric Power Excise Tax for the electric power generated by the Customer's facilities, which may be imposed under S.C. Code Ann. §12-23-10 (1976), as amended, or any equivalent statute or regulations.

PURCHASED POWER AGREEMENT

between

DUKE POWER COMPANY

and

SUPPLIER NAME

"Facility Name"

Contract No. _____

Contract Date: _____

Initial Delivery Date: _____

PURCHASED POWER AGREEMENT

THIS PURCHASED POWER AGREEMENT ("Agreement") is made
this _____ day of _____, 19____, by and between

DUKE POWER COMPANY,

a North Carolina Corporation ("Company"), and

_____ ,
a _____ Corporation ("Supplier" or "Customer"), for the

" _____,"

a qualifying facility as defined by the Federal Energy Regulatory Commission pursuant to Section 210
of the Public Utility Regulatory Policies Act of 1978, consisting of _____

_____ (the "Facility"),

which is located at _____ near _____, South Carolina.

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for
themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements.

1.1 The Supplier shall sell and deliver exclusively to the Company all of the electric power
generated by the Facility, net of the Facility's own auxiliary electrical requirements and, if applicable,
the Supplier's other electrical load requirements, and the Company shall purchase, receive, use and pay
for the same, subject to the conditions contained in this Agreement. If the Supplier will receive back-
up and maintenance power for its electrical requirements from the Company, such power shall be
provided to Supplier pursuant to a separate electric service agreement under the Company's rate
schedule appropriate for such service.

1.2 The electric power to be delivered hereunder shall be three phase, alternating, at a
frequency of approximately sixty (60) hertz, and at approximately _____ volts.

1.3 Delivery of said power shall be made in _____ County at or near
_____, South Carolina at a delivery point described as follows:

1.4 (a) The Nameplate Capacity of the Supplier's generating facilities, as defined in the
attached Rate Schedule PP(SC), is _____ kilowatts, consisting of _____.

(b) The Supplier shall deliver to the Company throughout the term of the Agreement approximately _____ kilowatts during On-Peak Periods as its "Capacity Commitment" as defined in Paragraph 1.4(c) below.

(c) The "Capacity Commitment" shall be the average capacity in kilowatts the Supplier commits to deliver to the Company during On-Peak Periods through the term of the Agreement taking into account scheduled and forced outages, fuel availability, steam requirements and any other conditions which might impact the average capacity during On-Peak Periods.

1.5 The Company will install and own such meter(s) as shall be necessary to measure and record the electrical energy and demand(s) delivered and received in accordance with the terms and conditions of this Agreement, such meter(s) to be located:

2. Rate Schedule and Service Regulations. The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of the Company's **Rate Schedule PP(SC)**, as amended, and its Service Regulations, both of which are now on file with the Public Service Commission of South Carolina, and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Service Regulations are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

3. Initial Delivery Date.

3.1 The Initial Delivery Date shall be the first date upon which energy is generated by the Facility and delivered to the Company, and such energy is metered by the Company. The Initial Delivery Date under this Agreement is the _____ day of _____, 19____.

3.2 Subject to the provisions of Paragraph 3.4 hereof, if the Initial Delivery Date does not occur within thirty (30) months from the date of execution of this Agreement, then the Company may at any time thereafter terminate this Agreement immediately upon written notice to the Supplier.

3.3 The initial delivery of electric power is dependent upon the Company securing from the manufacturers all necessary apparatus, equipment and material for the delivery of said power, and the Company shall not be required to receive said power until it shall have secured and installed such equipment, apparatus and material.

3.4 If either Party shall be delayed or prevented from delivering or receiving electric power on the Initial Delivery Date by reason of an event or condition of force majeure as defined in Paragraph 7 hereof, then the Initial Delivery Date and the beginning of Supplier's obligation to pay Interconnection Facilities Charges pursuant to Paragraph 5.3 hereof shall be extended for a period proportionate to such delay or prevention, not to exceed one (1) year.

4. Term. The initial term of this Agreement shall be one (1) year beginning with the Initial Delivery Date, continuing thereafter until terminated by either Party upon giving at least ninety (90) days' prior written notice of such termination; provided, however, that the Parties shall provide at least thirty (30) months' prior written notice if the Agreement provides for payment of capacity credits. In addition, the Company shall have the right of termination provided in the attached Rate Schedule. In the event of early termination of this Agreement, the Supplier shall be required to pay the Company for costs due to such early termination.

5. Interconnection Facilities Charge.

5.1 In accordance with the provisions of the attached Rate Schedule, the Company will furnish, install, own and maintain Interconnection Facilities, including protective devices, metering equipment, etc. to permit parallel operation of the Supplier's facilities with the Company's system. The Interconnection Facilities Charge, calculated in accordance with the Extra Facilities Provisions of the Company's Service Regulations, to be paid by the Supplier each month shall be

\$ _____, which is 1.7% of the installed cost of said Interconnection Facilities,

which amount is \$ _____.

The costs and charges set forth in this Paragraph 5.1 are subject to change in the event that installation of the Interconnection Facilities does not occur within twelve (12) months from the date of execution of this Agreement

5.2 The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file with the South Carolina Public Service Commission and may be changed or modified from time to time upon approval by said Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

5.3 The Company shall furnish and install the Interconnection Facilities no later than the date requested by Supplier for such installation. Supplier's obligation to pay the Interconnection Facilities charges shall begin on the date that such Interconnection Facilities become operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Supplier is actually supplying electric power to Company.

6. Service Interruptions. The Parties do not guarantee continuous service. They shall use reasonable diligence at all times to provide satisfactory service, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when due to any of the following:

(a) An emergency action due to an adverse condition or disturbance on the system of the Company, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or

transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.

(b) An event or condition of force majeure as defined in Paragraph 7 hereof.

(c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Supplier's premises would endanger persons or property.

7. Force Majeure. Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements, actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents shall be deemed to be "events or conditions of force majeure". Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

8. Offset For Charges Due to Company. Company reserves the right to set off against any amounts due from Company to Supplier, any amounts which are due from Supplier to Company, including, but not limited to, unpaid charges for Interconnection Facilities or past due balances on any accounts Supplier has with Company for other services.

9. Records. In addition to the regular meter readings to be taken once each month for billing purposes, the Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. The Supplier shall provide to the Company, on a monthly basis within ten (10) days of the meter reading date, information on the Facility's fuel costs (coal, oil, natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceeding month's billing period.

10. Waiver. The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

11. Assignment. The rights and obligations accruing to the Supplier under this Agreement may be assigned to another person, partnership, or corporation, subject to the Company's prior approval of the assignment of said person, firm, or corporation, which approval shall not be unreasonably or arbitrarily withheld. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the South Carolina Public Service Commission.

(continued on page 7)

SCHEDULE PP (FRONT) INSERTED HERE

SCHEDULE PP (BACK) INSERTED HERE

12. Taxes. The Supplier shall be responsible for any and all taxes including, but not limited to, the Electric Power Excise Tax for the electric power generated by the Facility, which may be imposed under S.C. Code Ann. §12-23-10, as amended, or any equivalent statute or regulations.

13. Regulatory Approval. This entire Agreement is contingent upon the Supplier's obtaining required approval from all regulatory bodies including the South Carolina Public Service Commission. The Parties hereto agree that performance under this Agreement shall not commence unless and until such approvals are obtained. If at any time during the term of this Agreement any of such required approvals expire, are withdrawn, are revoked or for any reason become invalid, the Company shall allow the Supplier a reasonable period to cure the problem before giving notice of termination of this Agreement.

IN WITNESS WHEREOF, on the day and year first above written, the Parties hereto have caused their official names to be hereunto subscribed, and their seals to be hereunto affixed by their respective Presidents, Vice Presidents or Authorized Representatives, and attested by their respective Secretaries or Assistant Secretaries. Executed in Duplicate.

ATTEST:

DUKE POWER COMPANY

Assistant Secretary

By _____
Vice President

ATTEST:

(SUPPLIER NAME)

Secretary

By _____
President

NOT FOR SIGNATURE